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**1988/04/15**

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IPS REC. I.D. PN 001) (U)

(U) FORWARD WITHOUT SERVICE. INFORMATION PERISHABLE.

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2) (C) CHINA: POLITICAL UPDATE  
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(Q) THE 7TH NATIONAL PEOPLE'S CONGRESS (NPC) CLOSED 13 APR. IT REAFFIRMED THE CORRECTNESS OF CHINA'S REFORM EFFORTS AND APPROVED CONSTITUTIONAL AMENDMENTS WHICH PERMIT PRIVATE ECONOMY AND TRANSFER OF LAND USE RIGHTS. THE NPC URGED CAUTION AND ECONOMIC STABILITY. THE GOVERNMENT IS STREAMLINING TO MAKE BUREAUCRACY MORE RESPONSIVE TO THE NEEDS OF A MARKET ECONOMY AND TO FACILITATE REFORMS. THE WELL PUBLICIZED PROCEEDINGS WERE AN ATTEMPT TO DEMONSTRATE GREATER OPENNESS, BUT THE "EXPERIMENT IN DEMOCRACY" REMAINS TIGHTLY CONTROLLED BY THE PARTY LEADERSHIP.

(Q) ALL NPC LEADERSHIP CHANGES WERE CONCLUDED WITHOUT SURPRISE. DENG XIAOPING REMAINS CHAIRMAN OF PARTY AND STATE MILITARY COMMISSIONS; COMMUNIST PARTY GENERAL SECRETARY ZHAO ZIYANG IS NOW FIRST VICE-CHAIRMAN OF BOTH MILITARY COMMISSIONS, AND IN A POSITION TO SUCCEED DENG; QIAN QICHEN, BEIJING'S TOP SOVIET AND ARMS CONTROL SPECIALIST, WHO VALUES THE SINO-U.S. RELATIONSHIP, WAS ELECTED NEW FOREIGN MINISTER; QIN JIWEI, A CLOSE ALLY OF DENG, WAS ELECTED NEW DEFENSE MINISTER AND WILL CARRY ON KEY PLA MODERNIZATION REFORMS.

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